

Message Text

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ORIGIN AF-06

INFO OCT-01 ISO-00 XMB-02 EB-07 COME-00 TRSE-00 FRB-03

AID-05 IGA-01 CIAE-00 INR-07 NSAE-00 OPIC-03 /035 R

DRAFTED BY AF/C:RRSTRAND:GJB

APPROVED BY AF/C:APALMER

EXIMBANK:JLENTZ (PHONE)

----- 023975

R 122127Z MAR 75

FM SECSTATE WASHDC

TO AMEMBASSY KINSHASA

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E.O. 11652: N/A

TAGS: ECON, EFIN, CG

SUBJECT: CIS

REFS: KINSHASA 1950 AND PREVIOUS

AS EMBASSY PROBABLY ALREADY AWARE, BUT AS DEPARTMENT
LEARNED ONLY MARCH 11, MORRISON-KNUDSEN SENT CABLE
MARCH 6 FOR LEVIHN TO DELIVER MESSAGE TO NZEZA OF SHEL
INFORMING HIM THAT CIS WOULD SEND NO MORE EXPATRIATES
TO ZAIRE (70 ARE NOW IN U.S. READY TO LEAVE) OR COMMIT
ITSELF TO ANY FURTHER U.S. PROCUREMENT UNTIL PAYMENTS
SITUATION IS REGULARIZED. DESPITE EXIMBANK AND FNCB
ACTIONS REPORTED REFTEL, M-K TAKES POSITION THAT IT
CANNOT BE SURE OF MARCH 20 DISBURSEMENT UNTIL FNCB HAS
RECEIVED AGREEMENT FROM ALL MEMBERS OF LOCAL CURRENCY
LOAN SYNDICATE TO MARCH 20 DISBURSEMENT, DESPITE FACT THAT
G;;H AGREEMENT IS EXPECTED GIVEN AFFIRMATION OF EXIMBANK
GUARANTEE AND CONSEQUENT ABSENCE OF RISK FOR BANKS. IN
JUSTIFYING THIS STAND, M-K POINTS OUT THAT FNCB DEMANDED
THAT M-K PROVIDE COLLATERAL FOR Z600,00 OVERDRAFT FOR CIS

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AT FNCB KINSHASA WHICH WAS ARRANGED LAST WEEK TO CARRY

CIS THROUGH UNTIL MARCH 20. IF FNCB IS UNWILLING TO
TAKE RISK ON OVERDRAFT PENDING MARCH 20 DISBURSEMENT, M-K,
WHICH HAS BEEN PUTTING ITS OWN MONEY AT RISK TO CONTINUE
PROJECT WORK SINCE FEBRUARY 15, DOES NOT SEE ITS WAY CLEAR
TO COMMIT FURTHER SUMS WHICH WOULD BE INVOLVED IN POSTING
NEW EMPLOYEES AND PLACING NEW FOREIGN ORDERS. ACCORDING
TO SPENCER OF M-K, COMPANY WILL PROBABLY INFORM SNEL
THAT IT IS PROCEEDING AS NORMAL ONCE AGAIN ONCE FNCB HAS
RECEIVED CONFIRMATION OF AGREEMENT TO DISBURSE FROM
ALL SYNDICATE MEMBERS, HOPEFULLY WITHIN A FEW DAYS. WE
HAVE IMPRESSION, HOWEVER, THAT M-K WILL CONTINUE TO
OPERATE CAUTIOUSLY UNTIL MARCH 20 DISBURSEMENT ACTUALLY
RECEIVED AND UNTIL LOAN SITUATION IS FULLY REGULARIZED
WITH PAYMENT OF AMOUNT STILL OVERDUE TO EXIMBANK. INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: FINANCIAL CRISIS, ECONOMIC CONDITIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ShawDG
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE055564
Document Source: CORE
Document Unique ID: 00
Drafter: RRSTRAND:GJB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750088-0365
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750357/aaaabzgo.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 KINSHASA 1950
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 29 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 AUG 2003 by ShawDG>; APPROVED <29 AUG 2003 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIS
TAGS: ECON, EFIN, CG
To: KINSHASA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006